

PRINCE EDWARD ISLAND LEGISLATIVE ASSEMBLY



Speaker: Hon. Francis (Buck) Watts

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Standing Committee on Communities, Land and Environment

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MEETING STATUS: PUBLIC

LOCATION: LEGISLATIVE CHAMBER, HON. GEORGE COLES BUILDING, CHARLOTTETOWN

SUBJECT: BRIEFING ON PROPERTY TAXES ON PEI

COMMITTEE:

Kathleen Casey, MLA Charlottetown-Lewis Point [Chair]
Dr. Peter Bevan-Baker, Leader of the Third Party
Bush Dumville, MLA West Royalty-Springvale (replaces MLA Hal Perry, MLA Tignish-Palmer Road)
Hon. Heath MacDonald, Minister of Economic Development and Tourism
Sidney MacEwen, MLA Morell-Mermaid
Hon. Alan McIsaac, Minister of Agriculture and Fisheries (replaces Hon. Pat Murphy, Minister of Rural and Regional Development)
Bradley Trivers, MLA Rustico-Emerald

COMMITTEE MEMBERS ABSENT:

Hon. Pat Murphy, Minister of Rural and Regional Development
Hal Perry, MLA Tignish-Palmer Road
Richard Brown, MLA Charlottetown-Victoria Park

MEMBERS IN ATTENDANCE:

Darlene Compton, MLA Belfast-Murray River
Hon. Jamie Fox, Leader of the Opposition

GUESTS:

Department of Finance (Hon. Allen Roach, Beth Gaudet, Provincial Tax Commissioner)

STAFF:

Emily Doiron, Clerk Assistant (Journals, Committees and House Operations)

Edited by Hansard

The committee met at 10:00 a.m.

Chair (Casey): Good morning, everyone, and welcome to the Standing Committee on Communities, Land and Environment. We are in a new venue for our meeting today. I'd like to welcome everybody who is watching the broadcast, and I would like to note that we have some substitutes for our meeting today: Bush Dumville will be substituting for Hal Perry and the hon. Alan McIsaac will be substituting for the hon. Pat Murphy.

I would also like to welcome the hon. Jamie Fox and Darlene Compton who are going to be participating in the meeting today.

Members, welcome. Just while we're in our new venue, I just want to give you a friendly reminder to make sure that your phones are on silent and a friendly reminder that there are no photos to be taken during the meeting.

The agenda is before you. I'm looking for adoption of the agenda.

Mr. MacDonald: (Indistinct)

Chair: Thank you, hon. Heath MacDonald.

Members, we have before us today the hon. Allen Roach, the Minister of Finance, and Beth Gaudet, the Provincial Tax Commissioner, who will be doing a presentation. So that during the presentation, if you have a question, if you could just indicate to the Chair so I could call your name. It will help the audio visual staff turn on the proper microphone.

Thank you for coming today, minister and Beth. Welcome. I'm going to turn the floor over to you for your presentation.

Mr. Roach: Thank you, and thank you very much for the invitation and the opportunity to attend here today to talk about property taxes.

I'd like to start off by just going through some of the facts about property tax. When it comes to clients, we have 107,000 property owners. We deal with 74 municipalities; 184 municipal rates; 32 fire

districts; 151 fire district rates; and we have IWMC as well.

With respect to the tax system, there's a self-responsibility when it comes to taxes. The taxes are non-discretionary and we do have a provincial tax commissioner who leads up a department and anything that has to do with provincial property taxes.

Our annual revenues in 2016; provincial, was \$111 million. Municipal was \$52 million. Fire districts, \$3 million; IWMC, \$14 million. With respect to property tax appeals, there were 327 referrals. There were 23 late referrals and IRAC heard eight appeals.

With respect to the legislation around tax, we have a *Registry Act*, a *Real Property Assessment Act*, *Real Property Tax Act*, and the *Financial Administration Act*. Those are basically, I guess, the foundations of what leads us on our provincial property taxes.

Chair: Minister, we have a question from Brad Trivers.

Mr. Trivers: Thank you, minister.

Just a quick question on the previous slide: In the annual revenue, do you have that broken down by geography? Is that available?

Beth Gaudet: We certainly could break it down by geography. We provide roles to the individual communities, so it's information that would be easily obtainable.

Mr. Trivers: That would be fantastic. I would love to see that breakdown just to see how the different parts of the Island contribute to the annual revenues from property taxes.

Chair: Thank you, minister. I'll turn it back to you.

Mr. Roach: Sure (Indistinct)

Beth Gaudet: Before we talk about property taxes, it's important to talk about the two foundational pieces of property tax. The *Registry Act* is the first foundational piece of property tax and without the *Registry Act* we would be very hard-pressed to administer property tax. We maintain a provincial layer,

a property layer – a base layer, we call it – which has all of the parcels, all of the property owners, all of the boundaries in Prince Edward Island. This really came from our original atlases that were developed years ago where you have manual pictures of lots in Prince Edward Island with hand-written names of property owners and over the years this atlas has been maintained and both manually and certainly, today, electronically, to provide us with a solid base layer.

Under legislation, under the *Registry Act* every land transaction, every conveyance, every deed has to be registered in our registry office and that is the way we keep the base layer up to date. Many additional layers, now that we have a very solid base layer, many additional layers are also maintained by departments across the province. For example, the department of transportation would maintain a road layer. Agriculture would maintain a forestry layer, but for property tax we're mainly concerned about a base layer.

But on top of the base layer, we also have a municipal boundary layer, so we lay that on top of the base layer. The minister talked about the special rate groups that we have within the municipalities. We also have to create boundaries for those particular rate groups so we have special rate boundaries. In order to administer fire district dues we have fire district boundaries, and also to assist the 911 emergency service we also maintain a civic address community boundary. Again, it is all based on the original base layer.

We have documents that come into the registry office and we have staff who interpret these documents. I've given you an example here. If you just take a look at the parcel, and hopefully everybody can see it, the largest parcel on this presentation, 741983, a deed would come into the registry office subdividing a portion of that parcel into a new property owner. The interpretation staff that we have would create the new parcel taking the components of the new parcel away from the original parcel and creating a new parcel of land with a new boundary, a new property owner, et cetera, again, a new account for the purposes of property tax.

Document interpretation is done, conveyances, subdivision and conveyances – the most simplest case, obviously, is a conveyance where the deed simply says: you have a parcel that was owned by a particular property owner that is now owned by a new property owner. All of that – all of those documents are reviewed in detail and the registry system is maintained.

Chair: I have a question from Sidney MacEwen.

Mr. MacEwen: Thank you, Chair. Thanks, Beth.

The property layer database, and I know this doesn't directly affect property taxes, but when you speak to a lot of constituents that are into development or real estate, they ask about this system that we have for the maps and the overlaying the maps. Does the province have any plans to update that system, or are we comfortable with the layered technology that's there now for this?

Beth Gaudet: If you're referring to the GeoLinc system?

Mr. MacEwen: Yes.

Beth Gaudet: There are continual upgrades going on. We depend on a company in New Brunswick called CARIS to maintain this system for us –

Mr. MacEwen: Sorry, what was it again?

Beth Gaudet: CARIS. I guess our top priority is to keep it running. Certainly, on a regular basis we review with the internal government's computer services; potential improvements to the system, and we're always open to getting ideas from our clients.

Chair: Sidney MacEwen.

Mr. MacEwen: Thank you.

Are we comfortable that – I know there is always a cost-benefit, too, and I'm assuming we have dealt with CARIS for a long time, so a couple of questions.

One, when was the – how often do we renew this contract, I guess? And when was the last

time that we proved to ourselves that this is the best provider right now?

Beth Gaudet: Those are questions that we'd have to have answered by ITSS. They are our service providers as a department and they are the ones that work with the external service providers.

Mr. MacEwen: Thank you, Chair.

Chair: I have questions from the hon. Alan McIsaac, and then the hon. Jamie Fox.

Mr. McIsaac: Beth, if you go back, you'll notice the atlas there. If you go back to the 1888 atlas and look at the circumference of the province, and since that time, unfortunately, there has been a bit of erosion there. If you owned a property on the shoreline there and part of it has eroded away does that change the tax base on that property?

Beth Gaudet: We would absolutely consider the fact that land has been lost in the parcel. We, however, are always looking at market value. If the land has retained its market value, then there may not be an assessment adjustment. However, if it hasn't because of erosion, then adjustments would be made.

Mr. McIsaac: Someone would have to simply apply and you'd look at that situation –

Beth Gaudet: Absolutely –

Mr. McIsaac: – it doesn't get done automatically.

Great, thank you.

Chair: The hon. Jamie Fox.

Leader of the Opposition: Thank you, Chair.

How do our – the way these layers work on the computer system you use, how does that compare to other provinces in the Maritimes?

Beth Gaudet: I feel that Prince Edward Island is in a very good place with respect to geomatics. Certainly, one of the forefathers of geomatics in the country, and I think that

what we have available to our public and our taxpayers is equal to, if not enhanced, from a lot of places.

Leader of the Opposition: Thank you.

Chair: I'll turn it back to you, Beth. Oh, sorry –

Beth Gaudet: Yeah.

Chair: – Bush Dumville just put his hand up in the air.

Mr. Dumville: I'm just curious about – we're moving from assessed value to market value on the sale, Beth. I'm just wondering, are we creating like a two-tiered system? Is anybody going to be disadvantaged, value-wise? Who informs the new purchaser that they look at a property through the real estate agency, see that it's assessed at \$300,000 and the market value is really 450 or whatever and all of a sudden, that person moves in thinking they're going to pay probably, maybe \$5,000 in taxes and all of a sudden \$6,500.

Is it their real estate – who's obligation is it to inform the purchaser that they may have a problem here; they may not be able to afford the new market value assessment?

Beth Gaudet: Would you be okay with deferring that question until I get –

Mr. Dumville: Not a problem –

Beth Gaudet: – a little bit later in –

Mr. Dumville: – no.

Beth Gaudet: – my presentation. If I don't answer it, then we'll come back to it?

Mr. Dumville: Deferred.

Thank you, Chair.

Beth Gaudet: Thank you.

Chair: Thank you.

I'll turn the floor back to you, Beth.

Beth Gaudet: The second very important piece that the land registry provides for us is the Affidavit of Purchaser.

For every conveyance of property an Affidavit of Purchaser is mandatory under the *Registry Act*. It provides us two very important pieces of information. The first piece of information it provides is the name and address to whom the notice of assessment and notice of property charges are to be sent. This is an oath by the property owner, or an agent of the property owner, that tells us this is where I want you to send my assessment notice and my property tax bill. Until we receive something in writing, otherwise, from the property owner, this is the address and name that we use for purposes of sending notices.

The second important piece of information that comes from the Affidavit of Purchaser is the consideration of purchase price, and not entirely related, we use that consideration for the calculation of land transfer tax. In addition to that, we use it under the property assessment act for a sales analysis.

The second piece of foundation legislation for property tax is the *Real Property Assessment Act*. Without the assessment act, again, there would be no property tax. The assessment act, the primary function under the assessment act, is to determine and maintain market value assessments for all property, all real property in the Province of Prince Edward Island.

We also, through the assessment act, complete activities that are initiated by the registry office. I talked a minute ago about account maintenance, ownership change, boundary line changes, et cetera, and then I touched on sales analysis.

If we have a purchase price on an Affidavit of Purchaser that is 30%, approximately 30% more or 30% less than what we have as a market value assessment on the property, it triggers a review. It's an important quality assurance check for our assessment role to have this consideration come into us through the Affidavit of Purchaser.

Again, under the assessment act, activity that's initiated by provinces and municipalities is inspection, new construction and renovations. We receive copies of every building permit across the province, from the province, for the

unincorporated areas and from the municipalities for the incorporated areas. It's very important that those building permits get to us timely and that they are dealt with on a timely basis by our assessment staff.

Other activity that is initiated through the property assessment act is mass appraisal. I'll explain mass appraisal in that we don't possibly have, would never possibly have, enough staff in our offices to go out and assess every parcel of real property in the province on an annual basis. It just can't happen.

So what happens is that when we get building permits and we add a new parcel, we go out and we have an initial inspection and we add that parcel, we add that construction, to the assessment role. From that point on, unless there is a sales analysis, unless there is an additional building permit, unless there is, for some reason, an inquiry from the property owner, the majority of the assessment year-after-year is done through mass appraisal.

It is a statistical process by which we analyze, across the province, all sales and all market activity of what we consider work units of property across the province. At the end of each year we take a document, a statistical document, and we say: based on the sales activity in this work unit, in this area, we feel that land values, for example, have increased 2%. We mass increase the land values of all parcels in that work unit by 2%. Similarly, in subdivisions, if we see based on sales activity that sales in a particular subdivision have increased or decreased, either way, then we would apply what we call an adjustment multiplier to that work unit on a mass basis, and that's done at the end of each year to start assessment process for the next years. So that's mass appraisal.

We have inspection. We have sales analysis. We have mass appraisal. We also have reappraisal. Reappraisal is a situation where our statistics may have gotten out of whack based on sales activity, based on the true situation in the province and these are highlighted to us, again, through statistical analysis. The most recent reappraisal projects that we've done are projects on shorefront a couple of years ago, a few years ago, where there was just not uniformity and

equity across our shorefront property in the province, so we needed to take a look at all shorefront together, and we did that.

The most recent one we've done is condo properties. Condo properties, again, we felt that the valuation across the province was not uniform; it was not equitable, so we took a look at all condos, regardless of the work unit that they were in in the province. We do that on a project-by-project basis. Referrals, the minister mentioned referrals and appeals. Referrals are the opportunity for a taxpayer upon receiving their notice of assessment; a 90-day period to refer their assessment, to have us go out, contact them and take a look at their individual property. Again, we're only doing property assessment after the initial addition to their roll based on mass appraisal.

Our numbers, as you saw, are very low. We have less than 1% of our taxpayers formally refer their property for reassessment. If the property owner who refers within the first 90 days after receiving their notice does not like our response to their referral, they have the opportunity to appeal to IRAC. Again, the minister showed you the numbers that went to IRAC. These were formal appeals to IRAC; however, it's important to note, since my time as the Provincial Tax Commissioner and I'm sure before my time, we are able to resolve the significant majority of these appeals before any formal hearing with IRAC, so very pleased with our referral process.

One last thing I wanted to mention about our property assessment activity is that taxpayers are welcome to contact us at any time regarding their assessment. If they don't feel that their assessed value, their market value assessment reflects the true market value of their property, they're welcome to contact us and ask for a review of that property. If it's not within that 90-day period, that's not a problem. We are still going to review that property; however, they will not have the opportunity to go to IRAC until – if they don't like our response – until the next 90-day review period in the next cycle. I never want property owners to feel that they only have 90 days to talk to us about their property. They can talk to us at any time about their property.

Chair: I have a question from the hon. Alan McIsaac.

Mr. McIsaac: Is there a cost to have that looked at?

Beth Gaudet: No.

Mr. McIsaac: Thank you.

Beth Gaudet: We are dealing with, again under property assessment, we're dealing with a number of different types of property and it can get confusing. These are the types of properties that are reflected on the assessment notice. We have commercial property; commercial, institutional and special purpose property, so that's primarily industrial, commercial enterprises. We have non-commercial property, which would be the majority of our property being residential and non-commercial other. In that particular case, we could have commercial property that is vacant and a commercial property that is vacant is not being used for the purpose of commercial enterprise, so therefore, we do give it a classification of non-commercial property for the period of time that it's vacant for the purpose of property tax.

Then, important in our province, we have a large number of categories with respect to farm property. We have farm property and we categorize residential as the farm homestead, plus one acre of property is residential. We have commercial farm property, obviously, and we have farm property other, which is farm property that is not being used by – owned by the commercial farmer, but not being used for the commercial enterprise at that particular period of time.

Chair: Beth, I have a question from Brad Trivers.

Beth Gaudet: Yes.

Mr. Trivers: I have a constituent with – it's property adjacent to a body of water and by the sounds of things he was probably reassessed as part of your reappraisal process, but even though the property is not being farmed, it's also really not accessible for development at this time. I was wondering if you consider, like you do for commercial property, prior to the

commercial development it's not assessed as commercial, do you do that as well for shorefront property that's actually not developed at all?

Beth Gaudet: Any property that is not being used for commercial activity would be assessed as non-commercial property.

Mr. Trivers: I'm not talking about commercial development. In the same way you do for commercial, if you have waterfront property that's really not being used – there's no building on it, there's no road access to it, it's not being farmed – do you make exceptions in that case as well and not charge a premium on that property?

Beth Gaudet: Again, we would have to look at that individual case and visit that property and take a look at all the factors and if it's a vacant lot, obviously, it's going to be assessed differently than an improved lot, so I'd have to defer to assessors to give us an answer to that question.

Mr. Trivers: The answer is it can happen?

Beth Gaudet: It can happen.

Mr. Trivers: Thank you.

Chair: I have a question from Sidney MacEwen.

Mr. MacEwen: Thank you, Chair.

Beth, if you're renting out your primary residence, is that a commercial property?

Beth Gaudet: Not necessarily if you're not a commercial enterprise, if you're not a corporation.

Chair: Sidney MacEwen.

Mr. MacEwen: Thank you.

So, if you have a B&B or Airbnb, are your property taxes assessed differently than residential?

Beth Gaudet: Can I defer that question as well and come back to it if I don't answer it in the presentation?

Mr. MacEwen: Yes.

Thank you.

Beth Gaudet: Okay.

Chair: I'll turn the floor back to you, Beth.

Beth Gaudet: Property tax is very cyclical.

We're always working on the current year with a mind to the next year. So, in January and February of each year, we're ending one year and starting the next year for the purpose of property tax.

In January we actually cut off the assessment work being done. If we're talking about 2016 and 2017, in January of 2017, we would have cut off our assessment work for the 2016 year. So the assessors would basically not apply any new adjustments to the assessment roll based on their boots on the ground activity. We send one final amended bill to property owners based on assessment adjustments done between the November installment and the January final amended bill. At that particular point in time, we go through our year-end assessment adjustment. We take the end of year assessment, full assessment, we apply the adjustment multipliers that I just talked to you about, to the assessment mathematically and we have our beginning of the year 2017 roll.

At that particular point in time, we distribute the roll. We distribute the roll to all the municipalities. We look at the roll as a province and we say: This is the total assessed value and the fire districts as well, excuse me, and this is our total assessed value for our area. What do we need with respect to tax in order to support our community needs? We require from the communities and the fire districts their rates by the end of March in order to collect those rates. If we do not receive a rate by the end of March from a particular community or fire district under legislation, we use the previous year's rate.

Once we –

Chair: The hon. Jamie Fox.

Leader of the Opposition: Thanks, Beth.

While we're on that topic right there, I'm curious to know why we have 32 fire

districts, 151 rates, same as 74 municipalities, 184 rates.

Beth Gaudet: Yes.

Leader of the Opposition: Can you explain that?

Beth Gaudet: Certainly.

I'll take the municipalities. For example, within the City of Charlottetown, we have a boundary for the City of Charlottetown and the city may decide a certain component of the city they would like to charge a higher rate. For example, in Charlottetown, there is a business improvement area that is boundaried. That particular area of the province, or the city, is charged a higher rate.

Those rates are 100% up to the municipalities. The province simply acts as an agent in collecting that tax. The province has no input with respect to setting those rates.

Chair: The hon. Jamie Fox.

Leader of the Opposition: Does the province do the same thing in rural PEI? That they give a higher rate to, what they think is better shore frontage in Cavendish compared to –

Beth Gaudet: The provincial rate is a standard rate of \$1.50 per –

Leader of the Opposition: It's a standard rate. Okay, thank you.

What about the fire districts?

Beth Gaudet: The fire districts are the same. The fire districts, if they serve different areas in the province and they feel that they need a larger rate based on the areas that they serve, they have the opportunity to set those different rates.

Chair: The hon. Jamie Fox.

Leader of the Opposition: What would trigger that?

Beth Gaudet: You'd have to ask the fire districts that. Distance?

Mr. Roach: Distance is – or community – yeah, it would be the distance they travel. You may have an area in rural that has kind of like their own little subdivision where there are more homes and sort of thing. There would be a number of different things that would trigger that.

Chair: Thank you.

I'll turn the floor back to you, Beth.

Beth Gaudet: Thank you.

Once we have all of the rates, we have a tax calculation process. From there we produce and mail property tax bills. Then, the assessment process resumes again. Once the property tax bills go out in May we're back, boots on the ground, and from May until the next January we apply assessment adjustments to that. We collect the money based on installment dates and we send out amended bills, very cyclical each year.

The annual tax bills are actually under regulations mailed on or before the fifth business day in May. We try to keep it very close to that. We do send the international bills out prior, a couple of days prior to the fifth business day in May; because the first installment is due the end of May and we like to give them a little bit more time to make that payment.

Payment options, with respect to the property tax bills; they are due in equal installments May, August and November. They can be paid by cash, cheque or debit at banks, credit unions or Access PEI. They can be paid online through their financial institutions and they can be paid by cheque by mail or drop-off at our Rochford Street office.

Chair: We have a question from Brad Trivers.

Mr. Trivers: A quick question because it is one that constituents ask. They would like the option to pay by credit card. So if you can just clarify as to why you can't accept credit card payments.

Mr. Roach: I think that there is not a province in Canada that accepts payment by credit card. There is a 2% fee in that. I think that if you can understand that if everyone

paid by credit card the credit card company would get the 2% and the provinces – of every tax person on PEI would lose the benefit of that 2% on that. So that's why we don't use credit cards.

There are, certainly, I think, as Beth has talked about, there are a number of different ways that payments are made. Right now, I think about between people paying online and people coming into Access PEI, that covers about 60% of the taxpayers and a number of people, the remainder, perhaps would be sending it by cheque, or dropping it off right at Rochford Street.

Mr. Trivers: Thank you.

I just wanted to get that for the record.

Chair: Thank you.

The hon. Jamie Fox.

Leader of the Opposition: Thank you, Chair.

Al, have you ever done a cost-analysis on what it'd be for – to accept credit cards? Yeah, you have got to pay a rate. It's no different than any other small business, but have you ever done a cost-analysis to see –

Mr. Roach: I think you could do it yourself right here. Two percent of \$111 million, \$52 million in municipal –

Leader of the Opposition: Have we ever done a –

Mr. Roach: – \$3 million – I think just take two – add that up, take 2% of it. That'll tell you what –

Leader of the Opposition: Have we ever –

Mr. Roach: – the taxpayer loses for money that the province would have to do work with that would go to a credit card company, it's –

Leader of the Opposition: Have we ever done a –

Mr. Roach: – pretty simple.

Leader of the Opposition: Have we ever done a cost-analysis rate comparison?

Mr. Roach: I think if you take – if you look at it, I think that's why no other province in Canada does it. If you took 2% of roughly, it would be 163, 166 – \$175 million. If you took 2%, I don't have a calculator on me, but take 2% of \$175 million –

Mr. Dumville: (Indistinct)

Mr. Roach: – that – how much is that?

Mr. Dumville: Three hundred and forty thousand.

Mr. Roach: Three hundred and forty thousand, that the Islanders would be given to a credit card company for their profits as opposed to going back into their province, \$340,000 that can't be spent on doing things here in the province. That's why no other province does it. That's why we don't do it.

Leader of the Opposition: I would have to question if it wouldn't be more beneficial because you would get money, possibly, flowing into the government coffers faster than trying to find other ways.

Mr. Roach: I think that the amount of property taxes that we're collecting, actually, I'd have to say that Island taxpayers are quite good and quite – pay their bills quite well. There is no – we don't see, based on the amount of taxes that we get on that payments with those four ways of doing it; online banking, cheque, going into Access PEI, pay it on equal installments, pay it through their banks. A lot of them do that with their mortgages. There's a lot of great ways of paying tax and we don't have a problem; we don't have an issue.

Leader of the Opposition: That's fine.

Chair: The hon. Jamie Fox.

Leader of the Opposition: That's fine, but I highly doubt that everybody would use a credit card option but it might make it easier for some families that just don't have the money to pay by cheque, cash or debit. Of that number you gave, at the end of the day, it might only end up being maybe 5% or 2% that would actually use a credit card. It might make somebody in a low-income situation – a little bit easier for them to bear the burden.

Chair: The hon. Heath MacDonald.

Mr. MacDonald: Thank you.

The odd time I hear from my constituents, and it seems to be younger constituents, first-time homeowners that – at the end of the year, or whenever they get their tax bills and they didn't realize that they didn't include it in their mortgage – is there any educational programs produced by the tax department and relevant to ensuring that they're fully aware, whether it be through banks or lawyers or whoever?

Mr. Roach: I'd like to respond to that question. If you could go back to, I think it was the fourth or fifth – the fifth –

Beth Gaudet: Yeah.

Mr. Roach: If you see in here that's the Affidavit of Purchaser. Within that affidavit, it's generally done by their lawyers. They have to fill out and say, this is the address that I'm moving to; this is the mailing address where my tax bill gets mailed to essentially, that's on that form. Every purchaser signs that. A lawyer swears to it that that information in there is correct.

I think the onus is on the buyer and there is a big onus on the legal community to ensure that that's correct. As a matter of fact, we have, over the past year, we have sent a letter out to the –

Beth Gaudet: Law society.

Mr. Roach: – Law Society of PEI, reminding them of their obligation, that when they're swearing out to this document that they have to ensure that that's there and it's done correctly. Does that answer your question?

Mr. MacDonald: Thank you.

Mr. Roach: Thank you.

Chair: Peter Bevan-Baker.

Dr. Bevan-Baker: Thank you, Chair.

Chair, math was never my strong suit in school, but I just want to point out that 2% of \$150 million or whatever the – is actually \$3 million –

Mr. Roach: Yeah.

Dr. Bevan-Baker: – not 300 – not, just for the record to make sure.

Mr. Roach: I think – and thank you – and I think that goes to the point that if we start to encourage that, that's simply dollars that are not, that Islanders are not putting back into the Island, that they're putting into a credit card company.

So, thank you.

Chair: Thank you.

I'll turn the floor back to you, Beth.

Beth Gaudet: Thank you.

I'm just going to quickly run through the property tax bill because it tells us a lot about property tax and it's a four-page bill that goes out to each one of our property owners each year. It's also important to note, Minister MacDonald, that if the property tax is being paid by a bank, the bank and the property owner receive a copy of the statement. Always the property owner receives a copy of the bill based on the address that we have for them.

The first page, we wanted to give people the bottom line and that's page one of the property tax bill and I guess you really wouldn't have to go any further. It tells you what your current bills are; whether you have any past due amounts; and it tells you what you have to pay and when you have to pay it. I think a lot of taxpayers, unfortunately, read the first page and don't go any further. But, I feel that it is important that we educate our taxpayers to pay attention to the four pages that they receive from us each year.

I'm actually going to talk about page three before I talk about page two because, to me, assessment comes before tax. However, I do find taxpayers are more interested in the bottom line tax than they are assessment so that's why it's page two.

What we have on page three is a very detailed description of the assessed value of the property on our records. Here I want to talk about the fact that we are maintaining

two assessed values for each property. The first is the market value assessment and I've already talked about that a fair bit. That's the work that our assessors do to maintain a quality, uniform assessment roll for the Province of Prince Edward Island and year over year, adjustments to that market value assessment will be reflected on this page three of the property tax bill.

You see this particular case, there's a \$300 year-end adjustment and on this particular property that year-end adjustment is based on a 5% increase in land value. So the work unit that this particular property is in would have increased 5% across the board, and also, which was an \$1,800 increase and also a depreciation adjustment of \$1,500, for a net increase for that particular property of \$300. Again, that's the market value assessment.

The taxable value assessment is strictly a tax program, and it's a mathematical calculation. The government froze assessed values in 2007, for the period 2007, 2008, and 2009. When we came out of the property tax freeze the challenge was: What do we do? We're three years behind with respect to our market value. There was a quite a differential there. How do we move forward? The decision at that point was to move forward with introducing a taxable value assessment. The taxable value assessment is when we came out of the freeze, the market value assessment for 2009, so that was the frozen value, plus CPI for the previous year. So, CPI for 2009 to a maximum of 5%, again a mathematical calculation to a maximum of 5%, plus any new construction. So, new construction is not frozen with respect to taxable value. It goes on both market value and taxable value to give you a new taxable value assessment. That has happened each year since 2010.

If the property has not changed hands, the property owner can pretty much predict that the property assessment and what they're going to have to pay tax on is their previous year's assessment plus CPI, plus if they've done any major renovations or new construction, that would be their new taxable value assessment. So we maintain the two values at all times for every property.

It's important to note that the taxable value assessment is reset to the market value assessment upon conveyance of the property. A new property owner, to answer your question, a new property owner will see, potentially, depending on what the differential is, how long that particular property has been in the hands of a particular original owner, will see an increase in the taxes over what the original property owner did pay. The taxable value assessment will never be more than the market value assessment. Did that answer (Indistinct)

Mr. Dumville: Part of it, yes.

Beth Gaudet: Okay.

We count on the real estate association to communicate to potential buyers that that is in fact what happens. We educate the real estate association on a regular basis with respect to the differential and we try very hard to make sure that taxpayers are aware of that. However, we do get a fair number of calls and questions regarding that increase upon conveyance of a property. It is important to note, though; however, that once the property is conveyed, then the new property owner is into the tax program and gets the advantage of the CPI cap on the assessed value from that point on.

Chair: I have a question from Sidney MacEwen.

Mr. MacEwen: Thank you, Chair.

I guess my question is to the minister. Minister: We actually have two other ministers with us here today that would probably rave about the years that their own portfolios are having. I know tourism is having a good year. I know agriculture and fisheries are having a great year. We have a proposed balanced budget from this past spring; a lot of that to do with an increase in HST. I'm wondering policy-wise, is your government looking in the very near future of, again, freezing those rates for a period of years to give a break to taxpayers?

Mr. Roach: I know it's nothing that I've discussed and it's always nice to – and I don't think we would actually rave about the ever-having, I think we're pleased with it. That's as far as I would go. As finance

minister, I've seen some out foreseen circumstances happen that are out of our control. Last year we got a bill of \$30 million on Christmas Eve from the federal government that made it very difficult for myself, and for my department, to try and mitigate. I don't think I'm going to jump out in front of the curve until I saw the actual revenues that we do receive. I don't think we'd probably see that, the final revenues, until January or February for 2017. It is nothing that I would ever commit to here today, as this very early stage.

Mr. MacEwen: Thank you.

Chair: I have the hon. Jamie Fox and Peter Bevan-Baker and then Alan McIsaac.

Leader of the Opposition: Thanks, Chair.

Minister, in the fiscal year 2007-2008, Islanders paid approximately 69.5 through real property tax.

Mr. Roach: I'm sorry, in what year?

Leader of the Opposition: In 2007-2008 fiscal year, the government paid 69.5 through real property tax. In the fiscal year of 2017-2018, your government estimates that Islanders will pay \$123.4 million through real property tax. That's a difference of \$53.9 million.

My question is: Where do you think you're going to come up with the extra \$53.9 million through real property tax in the year 2017-2018?

Mr. Roach: You're talking about the annual revenue that the government receives –

Leader of the Opposition: Real property tax.

Mr. Roach: What I will tell you is that I don't have the numbers for 2007 or 2008 in front of me, I don't have them.

Leader of the Opposition: I guess the question would be then, Chair, is there any plan by this government or your department to see a significant raise in the real property tax paid on properties?

Mr. Roach: I think we clearly explained that we're not going to raise taxes just by

ourselves; we go by the CPI rate. Taxes go up, CPI, whatever the rate is. I think for example, when we came out of the freeze from 2009 to 2010, I think the market value that particular year, the market value had gone up 5.9%. Government at that time said: We're not going to go by market value on taxes because 5.9% is pretty difficult for Islanders to handle, so we'll go CPI. I believe that year; I think it was point five per cent.

Beth Gaudet: It was zero.

Mr. Roach: It was zero that year, CPI. So, taxes go up based on CPI, not on whether the government decides we're going to charge 2%, or 4% or 6%.

Leader of the Opposition: I'll just end, Chair, with, I think it's very interesting in the fiscal year for 2017-2018; your budget book is coming up. You estimate Islanders are going to pay \$123.4 million in real property tax, which is an increase roughly of fifty-three-point million dollars. I want to know where you came up with the 123.4, but –

Mr. Roach: Well, we came up with, and if you look at page – we had one page 2 up here, that in 2016 the provincial revenues were \$111 million. Just the provincial revenues, \$111 million, tax rates – so I think what that tells us, it's not that we're raising the taxes. The taxes are going to be raised whatever CPI is. I think the big factor in there is the amount of construction, both residential and industrial, that has been taking place on this Island over the last couple of years. I believe that that's what's driving that rate up.

We're not raising the taxes ourselves outside of CPI to get to this number.

Leader of the Opposition: That's fine.

Chair: Thank you.

Peter Bevan-Baker.

Dr. Bevan-Baker: Thank you, Chair.

The province, actually compared to many other jurisdictions, owns very little land, very little Crown land on Prince Edward

Island, but sometimes the province does buy land. Sometimes it forcibly buys land.

There was a recent situation in the Cornwall area related to the bypass there, where some land was forcibly expropriated and a market assessment, a market value assessment, was done by a third party independent appraiser. The landowners appealed the decision as to how much money they were going to get and a superior court judge, just a few weeks ago sided with the landowner.

My question is: How can a third party independent appraiser come up with, and it was a \$300,000 discrepancy between the – what the province had offered the landowner and what the superior court judge finally awarded the landowner.

How can a third party independent appraiser come up with such a wide discrepancy in the assessed market value?

Mr. Roach: I don't think that we can answer that question here. We're talking about property taxes. We don't control what a property is assessed at by an independent appraiser. That was a totally different situation, and separate from property tax

I think what the court ruled, what was I think less about the valuation of the property and more about the valuation of the business and moving it. I don't have it. I don't have the decision in front of me, but that's what I'm led to believe was the difference. I think the property owners did not get entirely what they were asking for. I think that court also reduced the number considerably.

Dr. Bevan-Baker: Okay, thank you, Chair.

Chair: Thank you.

The hon. Alan McIsaac.

Mr. McIsaac: Just a follow-up on MLA MacEwen's comment there about freezing it and talked about agriculture and that sort of thing.

Agriculture does certainly play a major role in our province. My main concern is that the land used for agriculture, there are exemptions for some of that. There are also, if MLA MacEwen had owned a piece of land and he's not a farmer, and he leases that

agricultural land out to a farmer he gets a break on that. We certainly don't want to see that frozen.

I think, and maybe Beth can explain the rates on that, but the thing that does concern me, and I've heard it, as well, is if he owns a piece of land, it is agricultural land and he does not deem to allow it to be used for agriculture, maybe there should be a penalty on that.

We only have a certain amount of acres of arable land in this province. I've heard it before that some farmers are farming next to this piece of land, it has been purchased by a non-farmer and can't be used for agriculture. That, I say, is unacceptable.

I know we do give a break if he leases it out. Maybe we should penalize him if he doesn't lease it out on that arable land.

Anyway, maybe Beth, you just explain the tax part on that arable land.

Chair: Do you have an answer to that?

Beth Gaudet: I will be doing that.

Chair: Okay, perfect.

Thanks, I'll turn the floor back (Indistinct)

Beth Gaudet: Page 2 of the tax bill is really a breakdown of provincial and municipal charges so that the taxpayer is very clear with respect to what portion of the tax bill is going to the municipality as compared to what is going to the province.

Each one of these credits, and you can't really see them up there, I'm going to be talking about them individually as we go on.

The fourth page, and to me one of the most important pages of the property tax bill is the referral page. This is the first level of appeal, or really anything you want to talk to us about with respect to your four-page statement. I've talked to you about the 90-day period and the ability to go to IRAC. Page 4 is specifically included in the property tax bill to assist taxpayers in inquiring on their assessed values.

In the act, in section 4 of the act, there are some very clear exemptions. I often get

questions: Is this group exempt? Or: who is paying property taxes and who isn't paying property taxes? It's very black and white. It's very clear in both the assessment act and the tax act.

A church or a place of worship and associated land, and again, I'm not sure you want me to go through each one of these, but I will really quickly; a churchyard; church hall; property used as a non-profit, cemetery or burial ground. However, it's important to note that property purchased as projected enhancements to a particular burial ground is not exempt until, in fact, there is a burial in the ground.

Property designated and used by a municipality or province as a public square. Real property held under lease is taxable. Property that is owned by the province is not taxable. However, if the minute the province leases it, it is taxable to the leasee. The province does pay municipal tax on provincially-owned land within a municipal boundary.

Docks, wharfs, et cetera –

Chair: Beth, I have a question–

Beth Gaudet: Yeah.

Chair: – from Brad Trivers.

Mr. Trivers: Thank you, Chair.

I know there is a second page to this list, now. I didn't realize that. There are also grants in lieu of property taxes –

Beth Gaudet: I'm going to –

Mr. Trivers: – so –

Beth Gaudet: – talk (Indistinct)

Mr. Trivers: – you're going to get to that?

Beth Gaudet: Yeah.

Mr. Trivers: Okay, great. Excellent.

Beth Gaudet: Yeah.

Chair: The floor is yours.

Beth Gaudet: Okay, aircraft runways; buildings or structures that are part of a purification system; property owned by UPEI, Holland College, Maritime Christian College, or any licensed private K-12 private school. However, it's very important that it has to be used for educational purposes. Property owned by Holland College, for example, that is not used for educational purposes is not exempt.

Property owned by the province or municipality used as a public institution of learning and education. Federal government property is not taxable. However, we do receive a payment in lieu of taxes from the federal government to cover the federal portion of tax. The *Payments in Lieu of Taxes Act*, a federal act, does take our assessments and pays our rates. However, it is done through this particular federal act.

NAPA areas, *Wildlife Conservation Act* areas and hospitals owned by the province. Those are the exemptions under the act.

We do have a number of property tax programs that we administer. I already mentioned the taxable value assessment program. So year-over-year increase in assessment for purposes of tax is limited to CPI, plus new construction or substantive renovations. It has to be owner-occupied residential property.

When you asked about somebody who has a private home and rents the private home or rents a portion of the private home, they are not eligible for a taxable value assessment on that portion of the property. They are responsible to pay market value assessment.

If, in fact, you have an owner who is renting out a room or an apartment in the house, but lives in the house, we will actually subdivide that property based on space used. A portion of it will be charged taxable valuable assessment, a portion market value assessment.

Chair: Sidney MacEwen.

Mr. MacEwen: Thank you, Chair.

Thanks, Beth for explaining that.

How are you notified then, if that room was being rented? Are you notified from the

department of tourism because someone is paying a provincial fee, or you know, how does that work?

Beth Gaudet: There are a number of sources, and we would do that through audit and I would hesitate to sort of talk about sources.

Chair: Sidney MacEwen.

Mr. MacEwen: I'm not getting your nuance. Why? I guess –

Beth Gaudet: Well, as part of –

Mr. MacEwen: – are people reporting them?

Beth Gaudet: – an audit program you know, it's difficult to, I guess, communicate or publicize the components you use to audit. It's difficult, I will say it's difficult and I'm not saying it's perfect, but we do have reports from various areas that we use. Certainly, we use word-of-mouth, as well. We do our best.

Chair: Sidney MacEwen.

Mr. MacEwen: Do you get a report from the department of tourism to say: Sidney has decided to rent out a room in his house. He's now paying the provincial fee for that. It's transferred to the department, so you're now assessing my property based on how much of my house we're renting out.

Beth Gaudet: If we ask for it. We don't have a regular report.

Mr. MacEwen: Do you get an annual report from the department of tourism?

Beth Gaudet: No, we don't.

Mr. MacEwen: So, it's just, like you say, word-of-mouth, or whatever way you use to audit your system.

Beth Gaudet: That's right.

Chair: Sidney MacEwen.

Mr. MacEwen: As the department, that would be lost revenue right?

Mr. Roach: Yeah.

Beth Gaudet: It could be, yes.

Mr. MacEwen: Is it a concern for your department?

Beth Gaudet: We're always looking for ways to improve the system. There is no question about that.

Mr. MacEwen: Thank you.

Chair: The hon. Heath MacDonald.

Mr. MacDonald: In response to that question. As far as the department of tourism is concerned there are about 1,350 licensed roofed accommodations that they could have fully access to all those files at any time and relevance to tax, but I ask the question is: Even on provincial sales tax, they don't have to claim provincial sales tax up until they make more than, is it, \$32,000 –

Beth Gaudet: Thirty.

Mr. MacDonald: – or is that fair?

Mr. Roach: Thirty thousand.

Beth Gaudet: Thirty.

Mr. MacDonald: Thirty-three?

Beth Gaudet: Thirty thousand.

Mr. MacDonald: Thirty thousand. So, any of your small bed and breakfasts, it's going to be close to where they fall, so a lot of them might not even have to.

Mr. Roach: Qualify to pay.

Chair: Sidney MacEwen.

Mr. MacEwen: Thank you, minister, for that clarification.

I do have a question on the previous slide. I'm not sure if you want wait and finish this slide or? Are you okay with that, Beth?

Beth Gaudet: Yeah, go ahead.

Mr. MacEwen: On the exemptions, who makes – who is responsible for the decision to exempt provincial properties from fire

dues? If there's a provincial building in a fire area, and they only pay if there is a fire there. You know the examples I'm speaking of, like if there was woodland or a building and they only have to pay expenses when an actual fire occurs, even though the fire department has to keep up their expenses, do you know what I mean?

Who is responsible for making that decision that a provincial property is exempt from fire dues?

Beth Gaudet: Under the act we are required to exempt it for the purposes of assessment and property tax. The fire district uses our services to collect their funding, so we are not able to collect any funding in those particular circumstances, so it's between the fire district and the property owner.

Chair: Sidney MacEwen.

Mr. MacEwen: If the property owner is the province and the fire district wants to collect dues on that property, but they're exempt, how do they do that? Because the –

Beth Gaudet: They would –

Mr. MacEwen: – question always comes back to myself is: we have to upkeep our equipment in case of a fire, but that provincial property only has to pay if there happens to be a fire there.

Beth Gaudet: I guess we do the administration for them.

Mr. Roach: It's a bit of a trade-off there.

Beth Gaudet: Yeah.

Mr. Roach: We look after all the administration and the collection and the paying out of the fire dues. So, there is a bit of a trade-off there.

Chair: Sidney MacEwen.

Mr. MacEwen: Thank you.

I appreciate that. I also appreciate the fact that these are volunteer fire departments and that the trade-off should be heavier on the province's side than it is on the fire district.

Mr. Roach: I think that we're getting away from the tax, here. But, I think, if you look at the record of this province and what this province has done for the volunteer fire departments, I think there is quite a heavy weight on that side of it, as well. If we're going to go down that road.

Mr. MacEwen: I'm not trying to go down the road. It's just a question that –

Mr. Roach: Well, but you are.

Mr. MacEwen: – comes to me. Okay.

Mr. Roach: You're implying that the province isn't doing their fair share. That's what you're implying, and that you want to collect the dues on the provincial buildings that are in the fire districts area. That's what you're implying, so the response to that is I believe, and this is my answer that the province does carry its load with respect to the volunteer fire departments on that side of it, as well.

Chair: Sidney MacEwen.

Mr. MacEwen: Thank you, minister.

I do know all the things your government has done, but it keeps coming back to me that they only collect if there ever happens to be a fire there. It's something that the fire district in our area would like to, so obviously, that is something that has come to your department, and you guys, that's your reasoning back to say: No, we're carrying our load so we're not going to –

Mr. Roach: I think that's – personally, from my side, and I suppose, there are a number of departments from time to time that do get involved with a number of things that take place. I think it would be a fair answer, as you are getting that question, I think it would be, as a member of government, and this Legislature, that that would be a fair answer for you to bring back, is to say that, you know, we look after that portion of it, plus the government does assist wherever it can in – with each and every local volunteer fire department in the province.

Chair: Sidney MacEwen.

Mr. MacEwen: Thank you, Chair.

I'll bring back your answer to those people –

Mr. Roach: I think it's a fair answer.

Mr. MacEwen: No, and it's a question that comes to me often. I'm just –

Mr. Roach: Sure.

Mr. MacEwen: – curious what was your answer to them all the time because they –

Mr. Roach: Yeah.

Mr. MacEwen: – didn't agree at that time, so I'll bring that back.

Thank you.

Chair: The hon. Heath MacDonald.

Mr. MacDonald: I'm just curious on the deferred taxes for seniors. Obviously, we've likely had the biggest increase in our health budget in recent years at 6%. We're trying to ensure that seniors stay in their homes longer.

Has there been any thought on deferred, not only deferred, but is there any correlation that could benefit seniors that we could be working on through our tax base on –

Beth Gaudet: We're going to talk about the Seniors Property Tax Deferral Program as one of the tax program. So just – can I just –

Mr. MacDonald: Yeah, certainly, sorry.

Beth Gaudet: No problem.

I'll just finish the taxable value assessment. The program, the market value assessment versus the taxable value assessment equates to about \$3.5 million in tax a year. If we were truly collecting on the market value assessment, we'd be collecting about three-and-a-half million more in tax each year.

The Provincial Tax Credit Program is the program that the minister talked about with respect to non-residents paying an additional 50 cents per \$100 of assessment.

Our provincial tax rate is \$1.50 per \$100 of assessment. Residents receive a 50 cent credit on that tax rate. It's actually a third more that a non-resident would pay.

Approximately 90,000 properties of our 110,000 properties are in the Provincial Tax Credit Program. That equates to approximately \$50 million in tax. If we did not provide that non – that resident rate to residents of Prince Edward Island, we'd be collecting \$50 million more in tax.

We have a Seniors Tax Deferral Program. It is a true deferral of property tax, interest free until the property owner dies or the property is sold. This program is available to property owners 65 years of age or older. They have to have occupied the property as a principle residence for at least six months, and have a household income of less than \$35,000.

The seniors who receive a tax certificate, a deferral certificate, receive a tax bill each year just so that they know what their deferral amounts are. However, there is no requirement for them to pay the tax. They can pay the tax, however, so there is no real negative to being in the tax deferral program if you qualify for it. If you want to use your disposable income for another reason, you have that opportunity to do so. However, if you choose to pay, make periodic payments on your property tax so that you're not leaving debt, then you are certainly able to do that, as well. Once you're in the program, you are in the program.

Chair: Beth, I have a question from the hon. Jamie Fox, and then Brad Trivers.

Leader of the Opposition: Back about 20 or 30 seconds ago, you mentioned about tax assessment rates.

I'm curious, have you ever done a – where do we stand on PEI compared to New Brunswick and Nova Scotia on tax rates and assessments?

Taxes higher on PEI or are they lower?

Beth Gaudet: I believe our provincial taxes are the same in New Brunswick and PEI –

Leader of the Opposition: In New Brunswick they only have a one-tiered system. It doesn't matter if you're a resident or a non-resident.

Beth Gaudet: I really – I don't want to talk about New Brunswick's program. There are

several non-resident programs across the country. Certainly, there is one in New Brunswick. When you're talking about assessments; are assessments higher or are assessments lower, I think it's important to note that assessments are based on market value.

Depending on market in the different jurisdictions, assessments would be related to that, so you can't really compare the assessments from PEI and other jurisdictions.

Leader of the Opposition: Thank you.

Chair: Brad Trivers.

Mr. Trivers: Thank you, Chair.

I have two questions. The first one is about the Seniors Property Tax Deferral Program. I just wanted to clarify: How do they apply for that program?

Beth Gaudet: There is an application online.

Mr. Trivers: So they need to print off the application and send –

Beth Gaudet: Or they can call and get one from us. We'd be happy to send them one.

Mr. Trivers: Okay.

Beth Gaudet: Or they can come in and fill it out with us, if they'd like.

Mr. Trivers: Okay, great. I think that's an excellent program. I'm not sure that all seniors are aware of.

Chair: Brad Trivers.

Mr. Trivers: My second question has to do with the provincial tax credit for property owners that live on the Island.

Most of the general public doesn't look at that as a tax credit, of course, they look at it as non-residents paying 50% more in tax. I was wondering if the purpose of that has to do with trying to prevent land speculation and that sort of thing. Can you specify a little bit more about why that tax is in place, or that tax credit, in this case?

Beth Gaudet: I can't. I just administer the tax.

Minister, is there any – legislation is in the past, so it'd be hard to –

Mr. Roach: It's in the legislation from the past –

Beth Gaudet: – know.

Chair: Brad Trivers.

Mr. Trivers: Thank you, Chair.

Right now, I'm sure, as MLAs out across the Island, I know canvassing for the PC leadership across the Island, I have definitely heard this a lot at the doors. There are a lot of questions about, you know, land speculation and the review of land purchases within Cabinet and these sorts of things.

I really think that this committee should take a close look at that area, and just make sure that we understand the information. The information is provided to Islanders but, I think, there is misinformation out there, as well. I'll bring that up again in new business, but that's sort of why I'm asking that question. I just heard –

Mr. Roach: I certainly wouldn't want to – I'd like to leave that one where it is. I wouldn't want to take that away from Islanders. That tax credit.

Mr. Trivers: No, and –

Mr. Roach: I don't think Islanders would be very happy with us.

Mr. Trivers: I'm not suggesting that. In fact, I'm just suggesting that perhaps there are perceived loopholes where non-residents can speculate on land when Islanders think they shouldn't be able to, for example.

There are lots of opinions from different – like if you talk to the PEI Real Estate Association, they have one opinion. If you talked to the PEI farmers' union, they'd have a different opinion.

I'll bring that up again in new business.

Thank you, Chair.

Chair: Thank you.

Darlene Compton.

Ms. Compton: Thank you, Chair.

On the seniors deferral program, can you – do you have a number as to properties, how many would be –

Beth Gaudet: Yeah.

Ms. Compton: – utilizing them?

Beth Gaudet: We have, right now, 360 properties and it equates to about \$3 million in tax.

Ms. Compton: Three –

Beth Gaudet: Three million dollars.

Ms. Compton: – million.

Beth Gaudet: We do, with the assistance of family and community services, try to promote the seniors tax deferral program, and we also use it as a collections tool often suggesting the seniors tax deferral program.

However, I do feel that there is a general perception amongst Island seniors that they don't like to leave debt; just a gut feel from my working with them in this position.

Chair: Darlene Compton.

Ms. Compton: Thank you, Chair.

On churches and schools, I'll ask the question: The monks.

Beth Gaudet: Yeah.

Ms. Compton: I get the question a lot in my district –

Beth Gaudet: Right.

Ms. Compton: – on –

Mr. Roach: I'll take that –

Beth Gaudet: Yeah, sure.

Ms. Compton: What they're paying property tax on –

Mr. Roach: I think I've actually told you this before –

Ms. Compton: We'll get it on –

Mr. Roach: – but I'll reaffirm it here, today in committee –

Ms. Compton: Yeah.

Mr. Roach: – that the monks and the nuns, when it comes to their property, they are a religion exactly the same as Catholic, Protestant or Presbyterian, or whatever the case may be. If they have a church, they do not pay property tax on the church and one acre of land, which is the same as any other religion or faith or building. All the rest of the land they pay taxes on.

I also have answered that question a lot over the last six, seven – six years.

Chair: Darlene Compton.

Ms. Compton: Thank you, Chair.

They shouldn't have to if it's a church. There are a number of properties owned in my district by the enlightenment society or people who belong to that in some way, shape or form.

Again, just getting on the record here: Exactly what properties would be –

Mr. Roach: They pay taxes.

Ms. Compton: They would pay taxes –

Mr. Roach: Yes.

Ms. Compton: Other than on –

Mr. Roach: If they have, within the facility, if they have a portion of the building that is there that they use as a chapel or a church currently, because, I understand they don't have either one of their monasteries built yet. That's in the future. That portion would be non-taxable, but the rest of all of that land it's all taxable. It's only where there is a worship taking place, the same as any other church or any other faith.

Ms. Compton: Thank you for that, minister.

I just wanted it on the record that that is definitely the case.

Thank you.

Chair: The hon. Jamie Fox.

Leader of the Opposition: I'm curious, a minute ago, minister you mentioned about Cabinet –

Mr. Roach: I mentioned about what?

Leader of the Opposition: Cabinet.

Why do executive –

Mr. Roach: I don't think I mentioned anything about Cabinet.

Leader of the Opposition: I think you did.

Mr. Roach: (Indistinct)

Leader of the Opposition: But anyway, let me ask the question. So, a minute ago we alluded to, or somebody said that land purchases have to go to Cabinet.

My question would be: If I want to sell my land, and it goes through the department through an application process, then, it goes through IRAC, and then it goes to Executive Council or Cabinet: Why are there so many layers?

Mr. Roach: I'll defer to Minister McIsaac.

Chair: The hon. Alan McIsaac.

Mr. McIsaac: Not all land purchases have to go through the Cabinet. If it's under five acres, or you're a resident it's different than if it's a large purchase and you're a non-resident, or you're an off – or you're – so there are different layers there, as well.

But if it has to go to IRAC, it goes to IRAC, then it comes to the priorities committee looking at the recommendation from IRAC. We can agree with the recommendation from IRAC and send it onto Executive Council. If it's denied, we can agree on the denial. It'll get approved – that's the denial at Executive Council, but it's not on every purchase of all land.

In certain circumstances it does come through the Executive Council, but not in all cases.

Chair: The hon. Jamie Fox.

Leader of the Opposition: Is there not a more efficient way we could put it in place, Alan, that would streamline that? Like, we're talking now, I didn't even know about that policy, or whatever you said there or –

Mr. McIsaac: I think it's just checks and balances that are needed in certain cases. That's why they were put in place.

Leader of the Opposition: (Indistinct) it sounds like to me that Executive Council or Cabinet doesn't trust the people below them doing the job to make the decision.

Mr. Roach: Not at all. I think –

Mr. McIsaac: (Indistinct)

Mr. Roach: I'll answer that one.

Not at all, hon. member, not at all does anybody in government believe that anybody, as you put it 'below them' doesn't know what they're doing. Our people that work for government, our public servants – I'm going to answer your question. We have total faith in our public servants who work for each and every one of our departments. They do a fantastic job of what they do.

There is legislation, as the minister over here pointed out, that requires certain land purchases. If somebody is purchasing land and they're from outside the province and they're trying to buy a 145 acre farm and they have no intention of ever coming here. Then that comes to the attention of the priorities committee and to Executive Council at times to say – and IRAC very well may say too, when they send that on to priorities: we believe that should be denied because it looks like somebody is in here trying to buy land and they're just trying to wait until the market gets greater and sell it down the road and they're not ever going to come here. That's what it's in place for.

There are tremendous checks and balances. I would have to say that the vast majority of property sales on PEI never get to IRAC. They don't have to. They never get to

priorities and they never get to the Cabinet table.

The number that we would see would be extremely small.

Leader of the Opposition: Thank you, minister.

At no time did I question the integrity of the staff that are doing the job –

Mr. Roach: Well, that's –

Leader of the Opposition: – I know in my –

Mr. Roach: – wasn't –

Leader of the Opposition: – district alone –

Mr. Roach: – what you stated.

Leader of the Opposition: – I know in my district alone, minister, two different individuals have had applications into this province to get small subdivisions in place. They've been dealing with it since last October and November of 2016. So don't sit there and tell me it's streamlined or it's efficient, because these two individuals can't get a simple thing through this government.

Thank you.

Mr. Roach: Well just in response to that, Madam Chair, I don't know what these two properties are that he's talking about. It may not be as simple as he's suggesting and if it's that simple, my expectation would have been, that in that period of time the problems could have been fixed, or maybe a situation where the land is in such an area that there may never be a subdivision. To answer that question on that wide stream of speculation, just isn't possible, Madam Chair.

If the member does have some concern about two individuals, then I would encourage him to have them people come forward if they're struggling with that.

Leader of the Opposition: They have before. He talked to the minister and –

Chair: The hon. Alan McIsaac.

Mr. McIsaac: Yeah, it depends on the situation as well. If it's a piece of arable land and it's been deemed identified for agriculture, you are allowed to take one lot off, but other than that you're not allowed too. So, sometimes people will appeal that and the appeal will come back through IRAC to us that says: Denied based on the de-identification, or de-identification will be denied. But, they can wait the 10-year limit and the de-identification runs out at that time.

There are all kinds of different situations, some that I never thought of before. But when you see it come through the committee before it goes to Executive Council, we review the decision made by IRAC and we agree with it; we disagree with it, we send it to Cabinet to make the final decision and each case can be so different than the previous case than we've looked at.

Chair: Beth, I'll turn the floor back to you.

Mr. Roach: Perfect.

Beth Gaudet: Thank you.

The Farm Assessment Program for Bona fide Farmers, so under the property assessment act and the property tax act, the bona fide farmer is a farmer who is actively – is an individual, corporation, or partnership actively engaged in farming earning at least \$10,000 or 25% of gross annual income from farming. So that's an important definition with respect to qualification to this program.

It also includes individuals who are registered in the Future Farmer Program, a widow or widower of a bona fide farmer and individuals have a year of grace with respect to disability in the farm assessment program. It provides a clear advantage with respect to assessed value per acre, and you can see the values there: \$30 to \$150 per acre for clear land ranges. That's the assessed value as compared to up to \$3,000 an acre plus. Wooded land ranges \$35-\$75 per acre.

The Farm Use Assessment Program is clear land. If you own clear land suitable for farming and you lease it or rent it to a bona fide farmer using the same definition that I just talked about, you need at least 10 acres and you need to be willing to lease it for a

minimum of three years, then you get the advantage of the 230 to \$500 per acre assessed value for that property. The Farm Assessment Program for Bona fide Farmers; we have about 10,000 properties and it equates to about 6.5 million in savings in tax and under the Farm Use Program, we have about 2,000 properties, about \$1.5 million in tax.

There's a Farm Building Assessment Program. Properties with farm buildings that are no longer used for the purpose that they originally were constructed are eligible for an allowance and that allowance is at the discretion of the property assessor. So, it's a per cent of the full assessment of that building.

Finally, the Grants in Lieu of Property Tax Program; this program provides a grant equal to the provincial portion of non-commercial property taxes. The criteria is non-profit organization providing specified services in the community with financial need as established by financial statements; specifically does not include service clubs, curling rinks, golf clubs, health centres or organizations that receive other government financial assistance for property tax.

In 2016, government provided 420 grants in lieu to these organizations with an amount, tax amount equal to \$1.9 million.

Chair: We have a question from Brad Trivers.

Mr. Trivers: Thank you, Chair.

You specify grants in lieu of property taxes as not including service clubs, but of course if you look at the details, there are some service clubs that were sort of grandfathered in. In fact, I think it's a great way to help service clubs which provide so many valuable services, volunteer-based services, on our Island. I was wondering if that's an area you would consider reviewing to expand it so that all service clubs might be included there, because it's a significant advantage for the ones that are grandfathered in and they really appreciate it.

Mr. Roach: Well, I believe there was a review that took place in 2016.

Beth Gaudet: Yes.

Mr. Roach: In 2016, and it was reviewed. I think we could always have a look and see what the results of that review were and why decisions were made the way they were.

Chair: Brad Trivers.

Mr. Trivers: I just wondered does that apply to fire department buildings as well as volunteer fire department buildings, the grant in lieu of property taxes.

Beth Gaudet: I'd have to get an answer for you on that. I would say the majority of them would be exempt as municipal or provincially owned, would they not? I'm not sure that any of – any have the need to reapply for (Indistinct)

Mr. Roach: We'll look at it.

Mr. Trivers: Maybe there's no (Indistinct)

Mr. Roach: We'll have a look at that.

Mr. Trivers: Thank you.

Chair: Peter Bevan-Baker.

Dr. Bevan-Baker: Thank you, Chair.

We're all aware of the great work that the watershed associations do across the Island here and I was recently at an event in a watershed area in my district where a fairly large area of land on Highway 13, Stordy's Pond, was improved through the volunteer efforts of the local watershed association, SSWA, South Shore Watershed Association. However, just a week or two before the opening of the new park, they were informed that they were going to have to pay property taxes as the leasee of the public land and it caused a great panic amongst the people in the organization.

It eventually all blew over and the grants in lieu of property taxes was explained to the organization. They'd never been in this situation before. But, I'm wondering if there is a simpler, more elegant way of not putting volunteer organizations who created an incredibly beautiful and valuable thing in this district and then were faced with the prospect of paying a property tax bill on something they didn't even own; it just

didn't make much sense to me, nor the group.

Mr. Roach: I think Beth answered that question in a previous – I'm not sure exactly where it was, but I think that it was stated in one of our items that we had up there that any time that provincial property is leased then it's up to the people who take the lease, even if it's like \$1 a year we'll lease it to you, that they're still required to pay the property tax –

Beth Gaudet: (Indistinct)

Mr. Roach: There it is in that bullet there: Property tax exemptions. Property owned by the province, except real property held under lease and property located within boundaries and municipalities – that's not the one – which one is –

Beth Gaudet: Yes, no that's the one.

Mr. Roach: That's the one?

Beth Gaudet: That's the one, yeah.

Mr. Roach: (Indistinct) are subject to the taxes. She had explained that earlier.

So for example, I'll just tell you as an example, in my district there's a piece of land next to the curling club. The curling club wants to expand, they need more parking. I believe that they had said they wanted to take the property on a lease. But, they have to pay – they were notified that: Yes, if that's the case you have to pay the property tax on the land, you can have it under lease but you still have to pay the property tax on it.

That, I think, was clearly explained in that earlier bullet.

Chair: Peter Bevan-Baker.

Dr. Bevan-Baker: Thank you.

Could you just go back to that slide again please, Beth. As I read it, the third bullet point there: property designated et cetera on a public park is exempted.

We're talking about a non-profit volunteer organization. It's not a curling club. We're not talking about a business here. We're

talking about a watershed association that depends on the hard work and the volunteerism of the people.

I'm just wondering whether you could not create an exemption – my question was: Could we find a simpler and more elegant way to do this?

My suggestion is: could we not find an exemption for watershed groups, who clearly are not in this for the money –

Mr. Roach: I think this would be an opportunity for the watershed groups. I know they have annual meetings –

Dr. Bevan-Baker: Yeah.

Mr. Roach: – to bring that forward to the minister that they deal with, who provides them with monies each year. I'm not sure of the total amount of money, but I know the watershed groups are funded by the province to do their work. That may be an excellent opportunity for the watershed groups to raise that with their minister.

Dr. Bevan-Baker: Okay. I appreciate your answer, minister.

Thank you, Chair.

Chair: Thank you.

I'll turn the floor back to you, Beth.

Beth Gaudet: I'm almost done. You probably are happy about that.

The last thing that I want to just mention briefly is property tax collections. We, under the act – we're required to provide notices to taxpayers with respect to arrears. If all goes well the taxes are paid as a result of the notices.

But there really are three things that can happen as a result of collections. We can have payment. We enter into a great number of payment plans. If property owners are really having difficulty meeting their property tax obligations we really encourage them to talk to us, to come to us. We strive very hard to enter into a payment plan that we can all live with.

In the bottom, when nothing else works, we do invoke tax sale processes. I know it appears that there are a lot of tax sales. I notice my name in the newspaper a lot. However, it is important to note that a lot of time has passed; a lot of work has gone into trying to resolve property tax arrears before we ever get to that point of tax sale.

The large significant majority of land that goes to tax sale is land that goes knowingly by family of estate owners, vacant land, et cetera. There would be a very rare occasion that we would go to tax sale on a property with a family living in the particular property. I think that's an important piece of our system to understand; how hard we try to work with our property owners to make sure that our taxes are paid.

My final slide is on tax sale. Once a property is slated for tax sale, we do hand the file over to a law firm who represents us in the tax sale. So, all questions and all administration from that point on are referred to the law firm representing us. The property goes to tax sale for a reserve bid. The reserve bid equals the tax arrears plus the admin cost of the law firm.

The property, we have one option with respect to selling property for arrears and that is public auction. We do get calls on a periodic basis that ask us to consider a person who is interested in a property, in buying a property, but we have no option other than public auction.

If the property sells, then the property is deeded to the new owner free of all claims and encumbrances. If there are excess funds, the excess funds do go back to the original property owner. If the property does not sell, then the property is deeded to transportation. There is an internal transfer of funds equal to the reserve bid.

I think I've answered the questions that I'd asked to be deferred, but if I haven't please –

Chair: Brad Trivers has a question.

Mr. Trivers: Thank you.

Really it has to do with overdue property taxes: What is the rate that is charged on overdue property taxes?

Beth Gaudet: The rate of interest is 18% on overdue property tax arrears.

Mr. Trivers: Wow. And so you mentioned that there are opportunities for people to negotiate that rate. Is that correct?

Beth Gaudet: No. There are not opportunities for negotiation of the rate; the rate is set under legislation. There are opportunities to enter into payment plans to allow the property owner to three years or five years to cover outstanding arrears based on the monthly payment.

Chair: Brad Trivers.

Mr. Trivers: That rate is quite high considering our low-interest environment we have here. Is there a reason why the rate is so high?

Beth Gaudet: Again, it's legislated, so the decisions have been made in the past by legislators. From an administration perspective it's not really out of line with respect to property tax across the country. Number two, it is meant to encourage property owners to consider property tax debt above other debts.

Chair: Brad Trivers.

Mr. Trivers: Perhaps, because as a legislator, I should ask the minister whether he feels that that tax rate is too high.

Mr. Roach: Again, as Beth has answered, I look at – I have, since I have come into this position, just not too long ago I asked about this rate and what takes place across the country. I note that, for example, in some areas the rate is 18.75% for the current year. After that it goes to 32.25%. Other areas, they have a 14% for the current year and then 1% every month once you get into the second year, which is considerably higher than Prince Edward Island's rate. It's always something that we're cognizant of and something that we have taken a look at certainly over the last several months.

Chair: Brad Trivers.

Mr. Trivers: How many overdue accounts are there right now, approximately? How much money would be outstanding?

Beth Gaudet: I don't have an answer to that question. We don't necessarily administer property tax the same as what you might administer other accounts. We have a lean on property. So, if you don't pay your property tax, eventually, the asset will come to the province, so we don't really look at it in that respect.

Mr. Trivers: How many properties right now are in arrears of their property taxes?

Beth Gaudet: I couldn't answer that question for you.

Mr. Trivers: Is that information you could bring back?

Beth Gaudet: I would need to have more details with respect to what you mean by arrears, so –

Mr. Trivers: Like they're paying interest right now because they owe money.

Beth Gaudet: We can certainly try.

Mr. Roach: That's something we could have a look at. Somebody may not have made their payment in May, but they're going to be there in June. Or they haven't made their payment in August, but they'll come in the end of October or something.

I don't know that those numbers would benefit –

Beth Gaudet: We wouldn't –

Mr. Roach: – I think where you're trying to get to.

I think if you looked at something long-term. If we said: okay, how many people are in arrears for over two years or something like that, that might be something we could put a better number to because a lot of that stuff within a year fluctuates a lot.

Mr. Trivers: Chair.

Beth Gaudet: We would consider anybody who is meeting their obligations of a payment plan not to be in arrears, but they're paying interest.

Mr. Roach: Yeah.

Chair: Brad Trivers.

Mr. Trivers: Maybe I can ask the question in a different way.

How much revenue did you collect in, say, the fiscal year of 2016-2017, from interest charged on overdue property taxes, approximately?

Beth Gaudet: For 2016-2017?

Mr. Trivers: Yeah.

Beth Gaudet: I can –

Mr. Trivers: You know, I'm trying to get a handle on–

Beth Gaudet: – take a look at it.

Mr. Trivers: – the amount money –

Mr. Roach: We'll try.

Mr. Trivers: – you know –

Chair: The hon. Jamie Fox.

Leader of the Opposition: Thank you.

I'm sort of wondering why, if we are charging people 18.5% interest on overdue accounts, but yet we're not willing to accept an 18 or 20% rate on accepting a credit card seems like a double standard.

But then we have IIDI and Finance PEI that give low-interest rates out, only at a rate of one or two or 3% of whatever it is. Why don't we look at lowering that rate so that maybe give residents and property owners a little bit of a break on that?

Can you comment on that?

Mr. Roach: I believe that – well, first of all it's 18%, not 18.5 –

Leader of the Opposition: Whatever.

Mr. Roach: I think we're always willing to look at that. In fact, just in the recent several months I've asked a couple of staff members to investigate what the rates are across the country; what the rates are on PEI; where

we're at in comparison to the rest of Atlantic Canada.

When I get that information, I'll look at it.

Leader of the Opposition: Would there be any willing –

Mr. Roach: That's – I'm telling you that's what I'm going to do.

Leader of the Opposition: Yeah.

Mr. Roach: I've already started that process.

Leader of the Opposition: Would there be –

Chair: The hon. Jamie Fox.

Leader of the Opposition: Would there be any willingness, Al, that say: I can't afford to pay my taxes right now, right? But I can pay it on my credit card and I can defer it on my credit card for a little while. Would the department be willing to work with a person that says: listen, on a case per case basis I can pay it by credit card, but I don't want to be saddled with an 18.5%, or an 18% interest on it that I could work with them on a credit card, would the department be willing to look at that avenue?

Mr. Roach: Right at this time we're not willing to consider credit cards. I mean if an individual has a credit card and they're asking us, then they can get the money off the credit card and they can pay their tax.

Chair: Thank you –

Leader of the Opposition: Fair answer.

Mr. Roach: I'm concerned about people who are in situations and using credit cards as the final means and driving up a credit card bill. I, personally, have seen that a lot –

Leader of the Opposition: And some people can only afford that.

Mr. Roach: I'm answering, I'm trying to answer your question. I have seen a lot of people who get into deeper when they're strapped and start using a credit card for everything, and then another credit card and then another credit card. Then, if the taxes

are, or are not paid within that, then it's just a bigger mess for the individual person.

Certainly, people who are in low-income – again we're willing to set-up payment plans. If you know someone who is having difficulty, and I think Beth has said that earlier, don't wait forever to come in. The earlier that they come in when they're in trouble probably a better plan can be set-up to help them through that time. I know that's been done.

Chair: Thank you.

Sidney MacEwen.

Mr. MacEwen: Thank you, Chair.

Minister, as you know the grants to municipalities were frozen for a number of years.

Do you have an update on that process?

Mr. Roach: I think the process has gone extremely well. We're essentially in the final negotiations with the communities on grants. I don't want to get into the details of it, I can't. But the response from the municipalities and the work that we've done with them has gone extremely well. I'm quite, I guess, encouraged, very encouraged, actually, that we've got to a place with the municipalities and the grants. That seems to be something that will fit with everyone and I look forward to the final outcome of that.

Mr. MacEwen: Chair.

Chair: Sidney MacEwen.

Mr. MacEwen: Thank you, Chair.

I guess it's good to hear, again. I remember working in the opposition office when these negotiations and talks started happening back in the late – or 2008 or when it was. I know the minister of communities, I think it was last winter, last spring, was saying: we're close. It looks good.

Now, we're getting into the fall of this year. Can you be more specific on a timeline of when that will be decided?

Mr. Roach: No.

Mr. MacEwen: Why not?

Mr. Roach: Other than I think it'll much sooner than later. This is not a simple process –

Mr. MacEwen: No, I know.

Mr. Roach: – you have so many –

Mr. MacEwen: It has been years.

Mr. Roach: – you've seen the number of communities out there. When you get that many people around the table and you're talking dollars and cents, it's never an easy conversation.

I'll not go any further – I don't want to go any further than that because I don't want to get into the conversations, or disclose any of the negotiations as they currently stand. Other than I'm extremely excited about where we are.

Mr. MacEwen: Chair.

Chair: Sidney MacEwen.

Mr. MacEwen: Thank you.

I appreciate that, minister. I know it's a negotiation.

For many years we would hear from our larger municipalities about, you know, very not happy with the way it was. This spring the larger municipalities seemed to be more comfortable with the direction the negotiations were taking, but some of the more rural, smaller municipalities were not.

Can you give us comfort today that, perhaps, those smaller municipalities might be happier come this decision whenever it comes?

Mr. Roach: I think that the whole idea of the process was to, I guess, bring everyone to the table that comes to the table, and bring them to a point.

Again, I am not in the position that I can sit down and talk about specifics within that negotiation. I just can't do that. I think that we're in a really great place. I think it won't be that far down the road where we'll be –

Mr. MacEwen: Yeah –

Mr. Roach: – and I mean, I will say that the communities that are at the table seem very excited about where we're at. Again, I'm not going to get into the details.

Chair: Sidney MacEwen, then I have Brad Trivers.

Mr. MacEwen: Thank you, Chair.

Excited is a strong word, but the sooner the better. As you know it's been a long negotiation, a long process, and I know they're looking forward, as well as you. I look forward to the announcement.

Thank you.

Mr. Roach: I think when it takes a long time, but I think, get it right is more important.

Chair: Brad Trivers.

Mr. Trivers: Thank you, Chair.

The Seniors Property Tax Deferral Program, of course, allows a senior to defer taxes, essentially pay 0% interest.

If there was a senior that didn't know about that program, and was falling behind in their taxes, and were accumulating debt at that 18-plus-percent rate, would you proactively try and identify them? Would you work to, sort of, retroactively help them so that they wouldn't all owe that additional money. Is that something you can look at?

Beth Gaudet: Under the legislation, the arrears would be deferred at the point of the deferral. Again, I did mention we use it as a collections tool. If we identify an arrears situation and we feel that the person may be eligible for a seniors tax deferral, we do bring it up and we do discuss it with them.

However, at the point of approval for seniors tax deferral, all of the balance gets deferred.

Chair: Brad Trivers.

Mr. Trivers: How do you advertise the Seniors Property Tax Deferral Program?

Beth Gaudet: Website; communication; through our staff; telephone communication; Access PEI. And social services, as I mentioned before.

Mr. Roach: I think, as Beth said, the department watches when taxes aren't being paid. If it's a situation with a senior citizen, the department reaches out.

Chair: Brad Trivers.

Mr. Trivers: Maybe I just missed this number, but approximately how many seniors are taking advantage of the Seniors Property Tax Deferral Program?

Beth Gaudet: Three hundred and sixty.

Mr. Trivers: Three sixty.

Thank you.

Beth Gaudet: Thank you.

Chair: Thanks.

Hon. members, seeing that I have nobody else on my speaking order, I'd like, on your behalf, to thank the Minister of Finance and our provincial tax commissioner for coming in to present to us today on the policies and procedures on property taxes for the Province of Prince Edward Island. It was very informative and thank you for your time.

Beth Gaudet: Thank you.

Chair: While the presenters are leaving their seats, we'll move onto number four on the agenda. It's a request from the Standing Committee on Education and Economic Development regarding building permits.

I'll ask Emily to bring the committee up-to-date on this subject.

Clerk Assistant (Doiron): All right. This letter was received yesterday from the Standing Committee on Education and Economic Development, and I had circulated it to the committee, but I'll read it so that's on the record, as well.

It's addressed to the Chair of this committee,

"Dear Ms. Casey,

As you are aware, at the September 13th, 2017, meeting of the Standing Committee on Education and Economic Development, the committee agreed that it would pass along a member's request that a committee look into building permits in PEI.

Specifically, the committee suggests that the Standing Committee on Communities, Land and Environment should seek a briefing providing an overview on the system governing the application and waiting period for, and issuance of, building permits. As your committee's mandate includes municipal affairs, provincial planning, land and local governance, it appears to be the most appropriate forum for examination of this matter.

On behalf of the Standing Committee on Education and Economic Development, I appreciate your committee's consideration of this suggestion.

Yours sincerely,

Bush Dumville, Chair
Standing Committee on Education and Economic Development"

Chair: Committee, do you see fit to add this to our working plan?

An Hon. Member: You do?

Chair: Sidney MacEwen.

Mr. MacEwen: Thank you, Chair.

Yeah, I heard this request and I completely agree with it. We've been getting a lot of calls and inquiries about the delays, so I think it's timely. I know the minister was at that meeting and agreed to it as well, so hopefully we can get it done quickly.

Chair: Great, thank you.

We'll add that to our agenda.

Emily, do you have anything else you need to brief the committee on?

Clerk Assistant: For this one, no.

Chair: No? Okay, that's it.

Clerk Assistant: Yeah.

Chair: Great, we'll now move on to new business.

Anybody have anything?

We have Brad Trivers and Sidney MacEwen.

Brad Trivers.

Mr. Trivers: Thank you, Chair.

One thing that has been brought to my attention many times, as I mentioned earlier in today's meeting, is the rising cost of real estate on PEI and the perception that there are properties that are being purchased and left vacant, perhaps. It could be arable land that's not being farmed any longer, these sorts of things, and I know there's a variety of opinion out there. I think there may even be misinformation and I know this is an issue that has come up – land speculation by non-residents in other provinces as well. For example, it was a problem in British Columbia and the Vancouver area of the city.

I was wondering if the committee would entertain having some various groups across the Island, and perhaps, even from outside the Island, talk about land speculation and their concerns with it, or perceived concerns, and really just review what sort of measures are in place right now to prevent rising land prices, when in fact there's very little value being added to the province. I think there's going to be a lot of different perspectives on this.

As I mentioned earlier, like if you talk to the PEI Real Estate Association or you talk to the National Farmers Union, I think you'd probably get different perspectives on that, but I believe it's an issue we should look at proactively, sooner rather than later. Again, there are ministers on this committee that sit on Executive Council and they would probably have a good perspective to add but just think it's something we should discuss and make sure we get ahead of, so we don't end up in a situation where we have land prices potentially spiraling out of control without seeing a lot of benefit to Islanders.

Chair: Thank you.

Do we all agree that we could add this to our agenda?

Thank you, and if anybody has any suggestions as to which groups that we may want to hear from on that subject that Mr. Trivers has raised, maybe you could forward your suggestions to our clerk, as to who, that would help her coordinate the meeting.

Thank you.

Mr. MacEwen, I have you next on the agenda.

Mr. MacEwen: Thank you, Chair.

The privacy commissioner is coming to our committee on October 5th, right?

Chair: Yes.

Mr. MacEwen: When we had originally got a briefing from Karen, she had mentioned about bringing back a formal report before she came, or providing the committee with a formal report before she came back again. I wonder if we could have the clerk follow up to have that ahead of time.

Chair: I'll turn the floor over to the clerk.

Mr. MacEwen: Sure.

Clerk Assistant: Thank you, Madam Chair.

I have been in contact with the commissioner and she is prepared to – she'll have a report prepared that will be circulated to committee members prior to that meeting. I think it will go at the first of that week and then the meeting is on Thursday. So there is a report that will be ready so that you'll have information in advance of that meeting.

Mr. MacEwen: Perfect, yeah. No, I was just going back over the transcripts. We remembered that she had mentioned that so that's perfect.

Thank you.

Chair: Thank you.

Sidney MacEwen.

Mr. MacEwen: Thank you.

I don't know if this is new business or not, but maybe when the presenters come in, if they do have reports, if the members could have copies? I know – I think especially for you guys as well with the new –

Chair: Yeah, it's a little tough on the neck.

Mr. MacEwen: – the new set up and having the presentation behind you, but as well, following along, too, it's nice to have – there's not many of us in here. I know we don't want to create extra paper, but for a detailed presentation like that it is nice to have a copy of it so you can write questions down as you go on that correct page.

Chair: We'll seek an e-copy of that report and send it out to everybody.

Mr. MacEwen: Just for future, too.

Chair: Sure.

Clerk Assistant: And I'll have copies. I'll make sure that we have copies in advance of the next meetings.

Mr. MacEwen: Much appreciated.

Thank you.

Chair: Thank you.

Anybody else?

I'm looking for a motion for adjournment.

Dr. Bevan-Baker: (Indistinct)

Chair: Thank you, Peter Bevan-Baker.

Thank you, members, for your input to the meeting. I hope you enjoy the rest of your day.

We are adjourned.

The committee adjourned.